

Message Text

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15

ACTION ARA-20

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CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 NSC-07 SS-20

STR-08 CEA-02 TAR-02 PA-04 PRS-01 USIA-15 L-03 H-03

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TAGS: EFIN ETRD CI

SUBJ: NEW TRADE AND BANKING MEASURES

REF: SANTIAGO 3192

1. SUMMARY. CENTRAL BANK PRESIDENT CANO HAS ANNOUNCED ESTABLISHMENT OF FUTURES MARKET FOR IMPORTS AND OTHER MEASURES LIBERALIZING IMPORT PROCEDURES. MINISTER OF FINANCE GOTUZZO OUTLINED NEW TARIFF REDUCTIONS THAT INCLUDES TOP RATE OF 140 PERCENT. END SUMMARY.

2. AT JUNE 5 PRESS CNFERENCE CANO SAID THAT CENTRAL BANK HAD AUTHORIZED CREATION OF FUTURES CERTIFICATES FOR USE BY IMPORTERS IN BANKERS MARKET. CERTIFICATES WILL BE IN US DOLLAR DENOMINATIONS OF 500, 1000, 5000, AND 10,000; WILL BE VALID FOR ONE YEAR FROM DATE OF EMISSION BY CENTRAL BANK: AND CAN BE OBTAINED FROM COMMERCIAL BANKS. PURPOSE OF MEASURE IS TO ENABLE IMPORTERS TO KNOW IN ADVANCE EXACT VALUE IN ESCUDOS
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OF GOODS TO BE IMPORTED.

3. CANO ALSO ANNOUNCED OTHER CHANGES IN IMPORT PROCEDURES. WAITING TIME NECESSARY FOR PAYMENTS OVERSEAS FOR IMPORTS HAS BEEN REDUCED TO 150 DAYS FOR CREDIT OPERATIONS AND 90 DAYS FOR CASH TRANSACTIONS BECAUSE OF IMPROVED BALANCE OF PAYMENTS SITUATION. PERSONS OR ENTERPRISES CAN NOW IMPORT CAPITAL GOODS AND EQUIPMENT BY CASH PAYMENT IN ORDER TO REDUCE THEIR COSTS. ALSO, COMMERCIAL BANKS ARE NOW AUTHORIZED TO MAKE PURCHASE OF MEDICINES, MAGAZINES, -AND BOOKS.

4. IN JUNE 4 NATIONWIDE ADDRESS GOTUZZO ANNOUNCED THAT CHILEAN TARIFFS WERE BEING REDUCED ON AVERAGE OF TEN PERCENT. HIGHEST TARIFF RATE IS NOW 140 PERCENT. (NEW RATES, EFFECTIVE JUNE 5, WILL BE POUCHED SEPARATELY.) GOTUZZO SAID GOC PLANNED TO REDUCE TARIFFS FURTHER, REACHING MAXIMUM TARIFF LEVEL OF APPROXIMATELY 60 PERCENT BY BEGINNING OF 1977. COMMITTEE, INCLUDING PRIVATE SECTOR REPRESENTATIVES, HAS BEEN CREATED TO STUDY IMPLEMENTATION OF FUTURE TARIFF CHANGES. HE NOTED THAT TARIFF POLICY RESPECTED CHILEAN COMMITMENTS TO ANDEAN GROUP, BUT ESTABLISHED GOC POSITION FOR COMING NEGOTIATIONS REGARDING COMMON MINIMUM EXTERNAL TARIFF.

5. IN ANOTHER DEVELOPMENT CENTRAL BANK HAS RAISED MAXIMUM INTEREST RATES FOR COMMERCIAL BANK LOANS. RATES NOW RANGE FROM 67 PERCENT FOR ONE YEAR CREDIT TO 105 PERCENT (PER ANNUM) FOR LOANS OF 30 DAYS. PURPOSE OF CHANGE IS TO GIVE MORE FLEXIBILITY TO CREDIT OPERATIONS AND TRY MAKE RATES MORE REALISTIC.

6. COMMENT. NEW MEASURES IMPLEMENT GOC POLICY DECISIONS TAKEN IN PAST FEW WEEKS TO USE IMPORT LIBERALIZATION AS ANTI-INFLATIONARY TOOL AND TO ENCOURAGE RATIONAL DOMESTIC RESOURCE ALLOCATION.
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